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GRANTS *for the* ARTS



of the San Francisco
Hotel Tax Fund



**General
Information**

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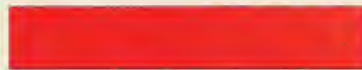
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GRANTS
for the
ARTS



of the San Francisco
Hotel Tax Fund

**General
Information**

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Frank M. Jordan, Mayor

Rudolf Nothenberg, Chief Administrative Officer
City and County of San Francisco

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Introduction

City's Economic Investment

Since its inception in 1961, the Hotel Tax Grants for the Arts program has distributed over \$98 million of hotel taxes to the cultural organizations in San Francisco. We do so in the belief that the activities of these diverse arts and promotional organizations enhance our City's attractiveness to visitors while at the same time providing employment and enrichment to the City's residents. We are convinced that allocating a portion of the hotel tax to arts, cultural and tourist-support organizations is a prudent economic investment in our future as a center of excellence, of experimentation and of new beginnings in the arts.

National Model of Arts Funding

The Hotel Tax Grants for the Arts program has evolved into a national model of arts funding. It has a policy of supporting an organization's general operating expenses — a rarity in the world of municipal arts support. The program does not limit the number of years a group can continue to receive grants. Our goal is to be a stable, dependable base of support for those organizations that continue to meet our criteria. Grants for the Arts has a commitment to the broad spectrum of the San Francisco arts community. Recipients include both the oldest international film festival and the oldest continuously run ballet company in the country, one of the premiere African American theatre groups on the West Coast, an interna-

tionally acclaimed symphony, the only North American museum with national recognition devoted solely to the exhibition of Mexican-American art, a gay and lesbian theatre with a national presence and the foremost presentors and performers in the Bay Area of contemporary performance arts.

Challenges

Over time, the Grants for the Arts program has changed to match the changing needs of our existing cultural institutions and to welcome new endeavors as they emerge. Grants for the Arts has periodically been the subject of controversy; we expect that to remain the case as we continue to evaluate our funding policies and decision-making procedures to keep pace with the changing character of our City and of our time.

It is with resolve and commitment to the arts community that we continue to strive to define the role we can best assume. Our goal is to contribute meaningfully to the presentation and enhancement of existing art forms while assuring the ability for others to experiment, to dare and to find new, as yet undiscovered ways of adding to our cultural lives. We look forward to a future which will be full of challenges — and thus by definition, full of opportunity.

Rudolf Nothenberg
Chief Administrative Officer
City and County of San Francisco
1992

Legislative Mandate

The Hotel Tax Grants for the Arts program was established through a combination of City and State legislation. The program was proposed in 1956 by Mayor George Christopher in response to a then-new piece of state legislation which permitted local governments to levy a special tax "... for inducing immigration. . . and increasing trade and commerce. . . ." Christopher proposed a hotel tax on short-term visitors to the City with revenues earmarked to augment the City's "publicity and advertising" fund. By 1961, when the hotel tax was approved by the Board of Supervisors, Christopher's concept had broadened to include both the arts and the subsidization of various cultural activities in the belief that these elements could promote the attractiveness of San Francisco to visitors and thus play a role in the City's economic well-being. The Board of Supervisors voted in a 3% tax on all transient hotel room receipts.

The first year of the hotel tax brought \$1.1 million of revenue to the City, a third of which went to the Grants Fund, created under a City Charter amendment that also named the Chief Administrative Officer (CAO) as the Fund's administrator. The CAO, who is responsible for various administrative functions and was already responsible for the City's modest publicity and advertising budget, distributed the first hotel tax funds to 30 organizations. The tax rate has been increased five times in 30 years. The most recent increase, in January 1987, boosted the hotel tax from 9.75% to 11% with the additional

1.25% allocated to support the debt service on an expansion of the City's convention facilities.

Grants for the Arts continues annually to support non-profit arts, promotional and cultural organizations that advertise and promote San Francisco as a visitor destination and enhance the City's reputation as a major cultural center.

SECTION 26100 OF GOVERNMENT CODE OF CALIFORNIA

"... for advertising . . . resources of the County for the purpose of . . . increasing the trade and commerce of, said County, or for . . . advertising . . . artistic, musical, cultural resources or advantages of the County . . . "

CITY CHARTER SECTION 3.201

" . . . (shall be appropriated to the Chief Administrative Officer) to provide for the budgeting and control of publicity and advertising expenditures of the city and county."

MUNICIPAL CODE OF THE CITY AND COUNTY OF SAN FRANCISCO

(Section 515, subsections [10] and [11])

The Chief Administrative Officer is hereby authorized and directed to expend from moneys appropriated in Section 515(10) those sums in his discretion deemed necessary to evaluate and review cultural, artistic or advertising programs funded for publicity and advertising purposes.

Eligibility Guidelines

During its early years, San Francisco's hotel tax lacked any formalized criteria for distribution and the majority of the funds were allocated to a small group of "major" arts institutions. Funds were administered rather informally. During those years, promotional organizations received more than double the amount allotted to cultural organizations.

Since then, the agency has evolved into a national model of arts funding, with formal eligibility guidelines and funding criteria established in 1977 by a community-based advisory committee which still serves today as the basis for the decision-making process of Grants for the Arts.

Funding recommendations are based on an applicant's managerial and financial stability, contributions to the cultural life of the community and ability to enhance the City's attractiveness to visitors.

Applicants must:

- Have a 501(c)(3) non-profit status. (In rare cases, it may be acceptable to apply using a valid fiscal sponsor.)
- Not be the primary responsibility of a government agency.
- Be governed by a legally constituted, fiscally responsible board of directors.
- Have at least a two-year history of continuous stable programming in San Francisco.
- Demonstrate commitment to affirmative action in their employment practices.
- Reside and produce activities in the City and County of San Francisco.
- Meet specific criteria within appropriate funding category.

Funding Limitations

In general, the Hotel Tax Grants Fund does not fund:

- Education and training activities, or performing activities of students.
- Organizations whose primary purpose is to provide space, technical assistance or support services to the arts.
- Start-up money for a program not yet established.
- Individual artists.
- Activities not available to the general public.
- Activities taking place outside of San Francisco.
- Benefits or fundraisers.

Funding Criteria

Grant awards, in the categories below:

- are provided primarily for general operations support such as staff salary, publicity or production costs.
- are not limited to a finite number of years; a group can receive grants as long as it keeps meeting the eligibility guidelines and funding criteria.
- provide stability, credibility and visibility to Grants recipients — large and small.

Performing, Visual and Media Arts Organizations: Criteria for Applicants

Applicants should:

- Have as a primary purpose the *public* performance or display of art works.
- Reach a broad and definable audience, and produce accurate records of patronage.
- Produce a dependable season of activities, planned and publicized in advance to the general public, including visitors.
- Produce consistently high-quality work.
- Utilize indigenous talent and local San Francisco artists and staff whenever possible.
- Serve a local constituency and demonstrate community support.
- Demonstrate outside sources of funding — e.g., corporate, foundation, donors, NEA, CAC.
- Maintain a percentage of earned revenue appropriate to the activity and its budget.
- Demonstrate sound management by requesting an appropriate

amount of annual budget from the Grants Fund — (in general, requests should not exceed 10% of current budget) — and preparing and submitting a yearly financial statement.

- Be accessible to the public and attract visitors to San Francisco.

Annual Celebrations/Parades: Criteria for Applicants

All events funded in this category must receive a permit, if necessary, and comply with all applicable municipal ordinances. Adequate security, insurance and liability coverage also must be demonstrated.

Applicants should:

- Attract visitors to San Francisco.
- Be supported by a substantial segment of the community.
- Produce a high-quality event planned and publicized in advance to the general public, including visitors.
- Have substantial documented audience and participation.
- Demonstrate sound management by having an active advisory board or working committee that takes

programmatic responsibility for the event; receiving substantial financial support from sources other than the Grants Fund; preparing and submitting a yearly financial statement.

- Not have as a primary purpose fundraising or the advocacy of specific political causes or candidates.
- Be orderly and sensitive to public safety.
- Preserve the cultural identity and/or traditional activities of the City's various populations.

Tourist-Support Services: Criteria for Applicants

Applicants should:

- Demonstrate ability to attract and assist visitors.
- Serve a substantial number of people and produce accurate records of clientele.
- Be easily accessible to visitors.
- Produce consistent, year-round arts and cultural promotional activities, planned and publicized to the general public, including visitors.
- Demonstrate sound management by requesting an appropriate

amount of annual budget from the Grants Fund, and preparing and submitting a yearly financial statement.

- Receive substantial financial support from sources other than the Grants Fund.

Unanticipated and Nonrecurring Events

In addition to the above categories, funding is provided for unanticipated and nonrecurring events such as the Diego Rivera Centennial celebration, a catalog for the permanent collections of the Fine Arts Museums, and the commemorative photography exhibit of the Shanghai Sister City Committee. Funding is generally earmarked for subsidy of publicity costs and artist fees. Arts organizations may apply if they are not on the regular funding cycle for Hotel Tax Grants for the Arts and meet the eligibility guidelines. In addition, certain promotional activities with significant impact on the City, such as Fleet Week, Golden Gate Bridge Celebration and 1994 World Cup Soccer Game bid can be considered.

Funding Timeline

Word of the application deadline, mid-February of each year, is announced through mailings and the media, immediately touching off numerous requests for information about eligibility, criteria and application procedures. During December, January and February, staff respond to these requests, mail applications to current recipients and hold public meetings to explain the Fund's processes and distribute forms to new applicants.

Applicant review is an ongoing, six-month process. Staff of Grants for the Arts review applications, then present evaluations to the Citizens Advisory Committee that meets monthly to assess the eligibility of each organization and its ability to meet funding criteria. Staff members make site visits and consult experts in the field, critics and other funders to help them make funding recommendations. In addition, public meetings are held prior to and following the funding decision for applicants to present their organizations' needs to the Advisory Committee.

Appointed by the CAO, the volunteer members of the broadly-based Citizens Advisory Committee assure public accountability and offer their fiscal management and artistic expertise to the grant-making process. They provide guidance and advice on

the staff's preliminary recommendations. The Committee includes Bay Area artists not affiliated with Grants Fund recipients.

In July, the Advisory Committee presents its recommendations to the CAO, who reviews them, makes final determinations and, in August, notifies groups by letter of the funding decision. Successful applicants sign a contract for the period July 1 to June 30, the City's fiscal year.

Grants Fund recipients do not receive funds in lump sums, but through a reimbursement system. Once a group signs its contract in August it can begin submitting receipts for bills incurred from the previous July 1. Staff review these for totals, verify invoice dates and documentation of payment, then authorize and forward cash payments to the group. Invoices can be submitted throughout the fiscal year, until the end of June.

The time lag between when a paid invoice is submitted and the group receives reimbursement is generally three to four weeks.

The grant recipients keep the Fund apprised of their progress through year-end reports. Besides detailing a group's financial status and how the Grants allocation was used, the reports describe program activities and performance plans.

December	<ul style="list-style-type: none"> • New applicant workshops held for following fiscal year cycle. • Applications distributed to current recipients and new applicants. 		
January	<ul style="list-style-type: none"> • Applicant questions answered. 		
February	<ul style="list-style-type: none"> • Applications due for next fiscal year. 		
March	<ul style="list-style-type: none"> • Applications acknowledged and checked for completeness. • Application review by staff begins, including site visits, meetings, telephone conferences. 		
April	<ul style="list-style-type: none"> • Application review continues. • Citizens Advisory Committee meeting held for applicants to present their organizations' needs. • Advisory Committee deliberations begin. 		
May	<ul style="list-style-type: none"> • Application review continues. • Advisory Committee deliberations continue. 		
June	<ul style="list-style-type: none"> • Application review continues. • Advisory Committee deliberations continue. • Final reports distributed to current recipients. • Affirmative action reports due for organizations with 50+ employees. 		
July	<ul style="list-style-type: none"> • Affirmative action reports received and evaluated. • Application review completed. 		
		August	<ul style="list-style-type: none"> • Advisory Committee funding recommendations presented to CAO. • CAO reviews and finalizes funding recommendations. • Applicants notified of CAO decision on funding. • New fiscal year's contracts processed; reimbursements begin on new awards. • Final reports due from previous year's award. • Staff available to answer applicant questions regarding funding decisions. • Advisory Committee members available to meet with applicants, if necessary, to explain funding recommendations.
		September	<ul style="list-style-type: none"> • Contract processing continues. • Staff and Advisory Committee members continue to discuss allocations with applicants, if necessary.
		October	<ul style="list-style-type: none"> • Advisory Committee community meeting held for applicants to comment on process and make suggestions.
		November	<ul style="list-style-type: none"> • Advisory Committee meets to review process, recommend improvements and consider new projects.

Funding Patterns

As the following graphs indicate, funding patterns of Hotel Tax Grants for the Arts have changed considerably during the past 30 years.

- The number of funded groups and activities has grown steadily from 30 in 1961/62 to 157 in 1990/91.
- In 1961/62 large organizations received about 73% of the Fund, while small- and mid-size groups and activities received 27%.
- By contrast, in 1990/91, almost 60% of the Fund was distributed to small- and mid-size groups, while large groups received 41%.

Grant awards vary widely depending on the group's budget size, grant request and length of time funded by GFTA. Following the policy of provid-

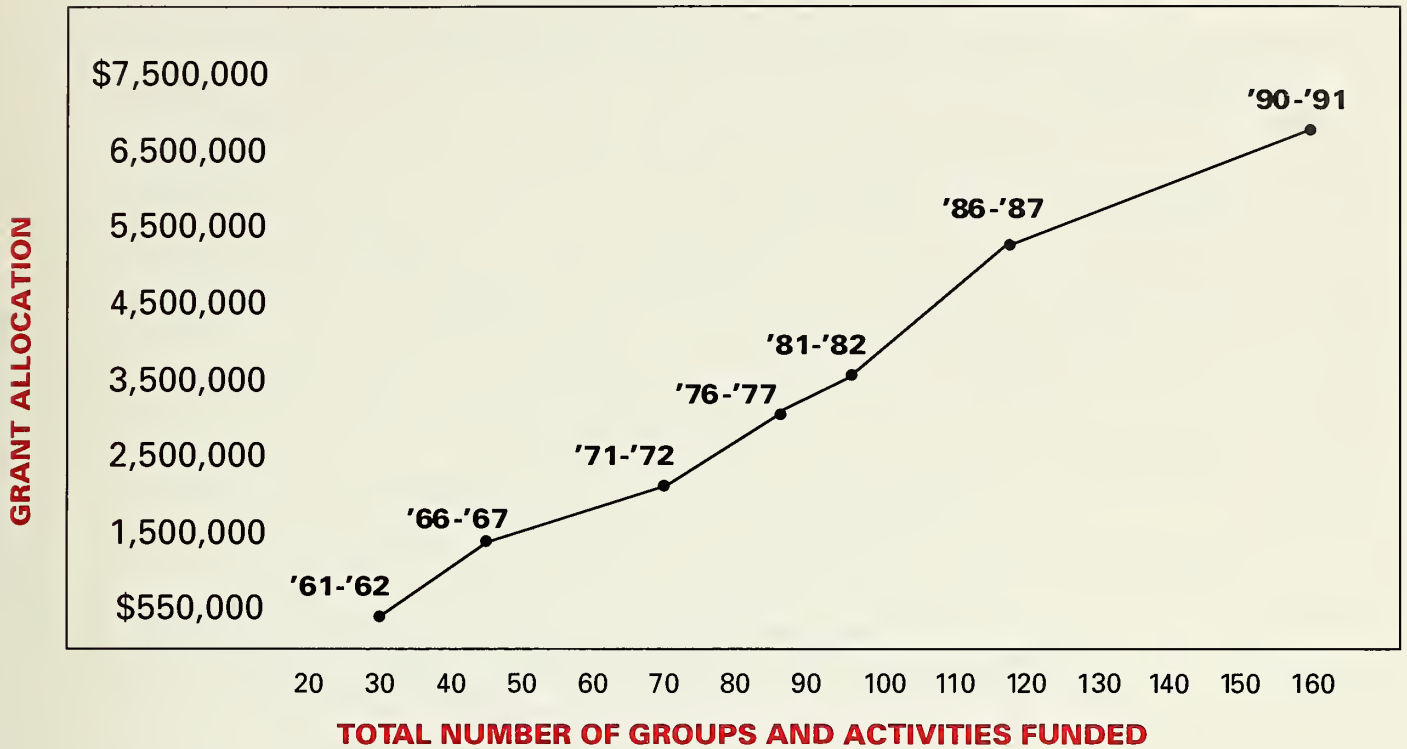
ing higher percentages of the budgets of smaller organizations and smaller percentages of the budgets of larger organizations, Grants for the Arts' goal over time is to fund no less than:

- 10% of the budget of small arts organizations (i.e., budgets of less than \$250,000/year);
- 8% of the budget for smaller mid-size organizations (budgets between \$250,000 and \$600,000/year);
- 6% of the budget for larger mid-size organizations (budgets between \$600,000 and \$3,000,000/year); and,
- between 2.5% and 4% of the budget for the largest organizations (budgets between \$3 million and \$35 million/year).

GFTA Funding 1961-1991

Total Allocations

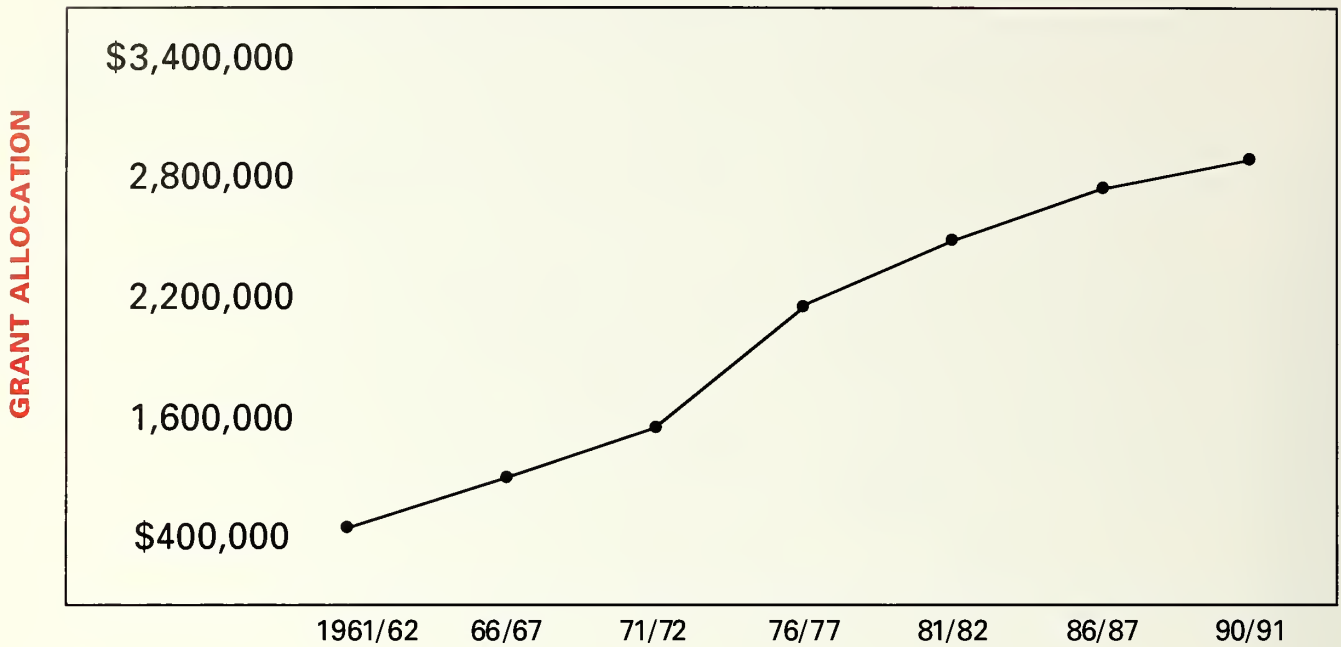
- Grants for the Arts allocations increased from \$553,000 to over \$7.2 million from 1961 to 1991.
- The number of groups and activities funded during that time grew from 30 to 157.



GFTA Funding Pattern 1961-1991

Large Organizations

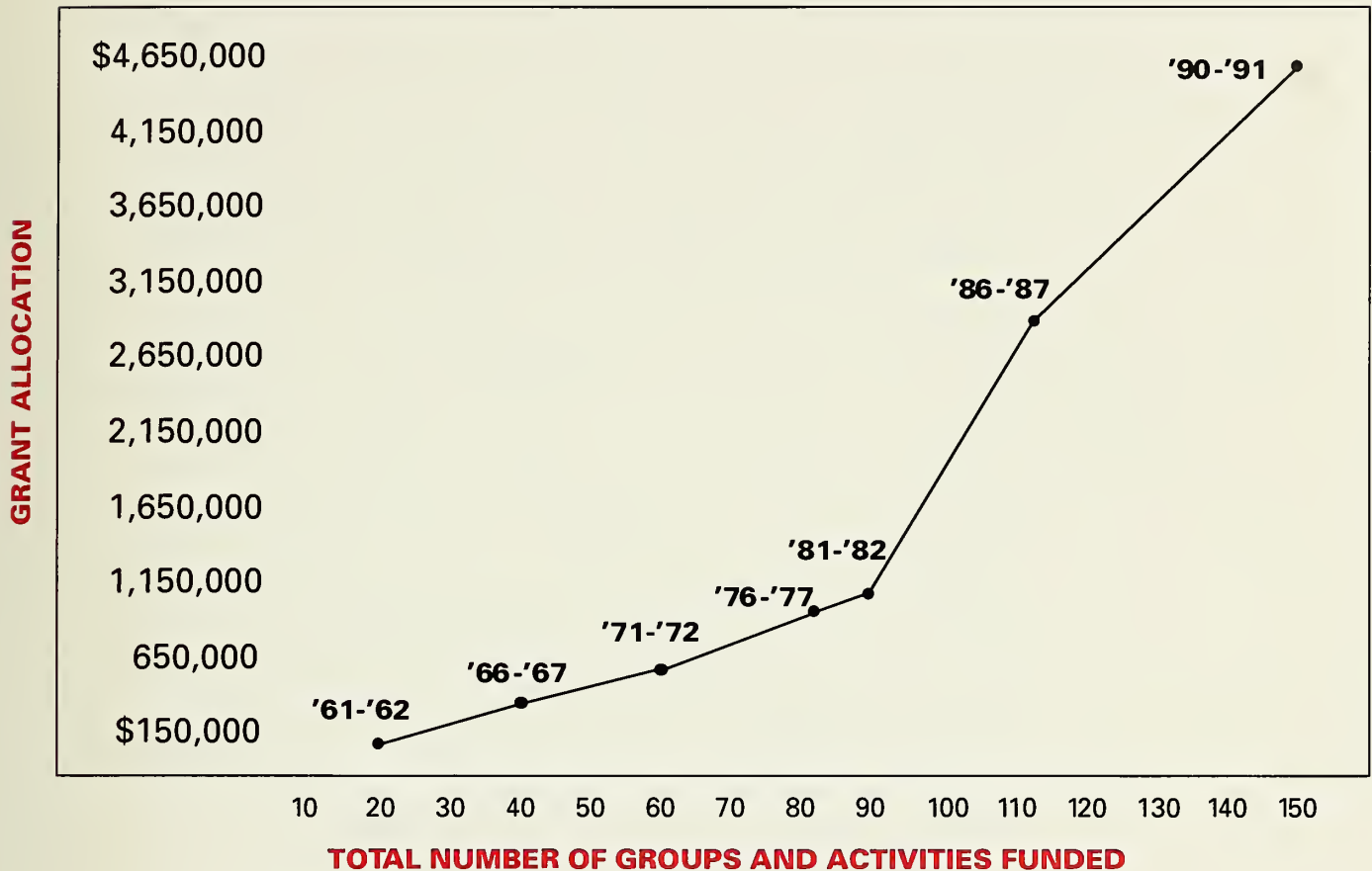
- Grants for the Arts allocations to large organizations increased from \$401,000 to \$2,998,700 since 1961.
- The number of funded groups varied from 6 to 7.



GFTA Funding Pattern 1961-1991

Small and Mid-size Organizations

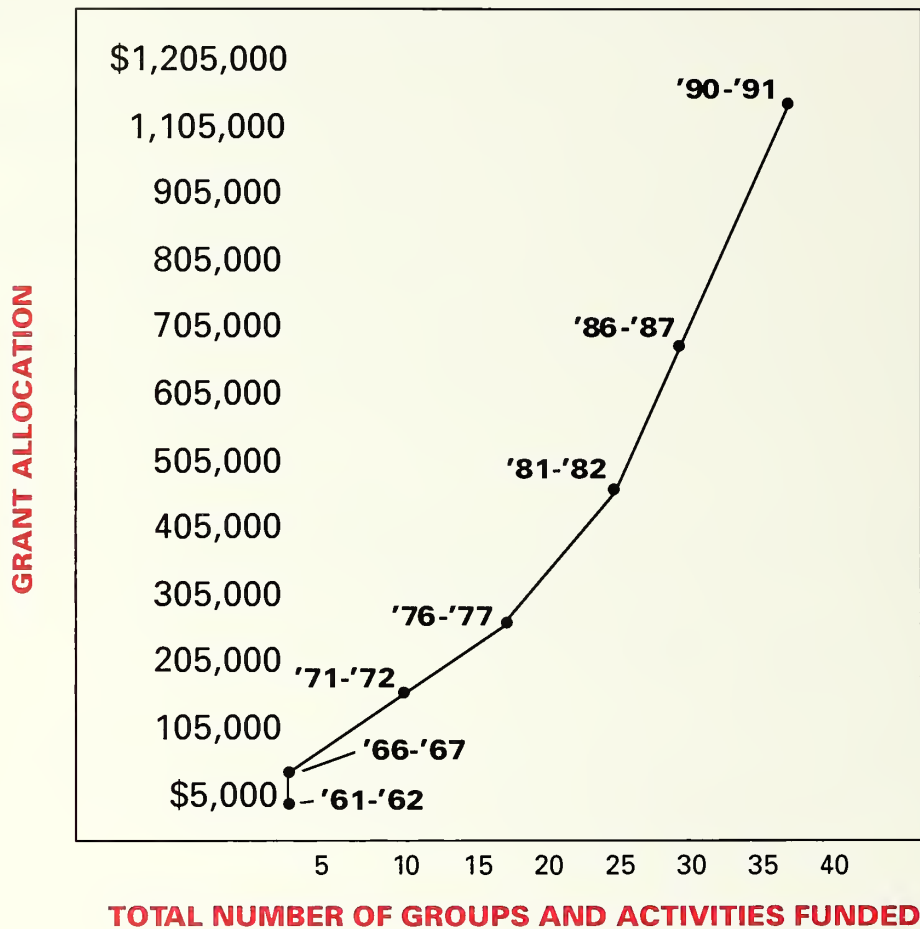
- Grants for the Arts allocations to small and mid-size organizations (including multicultural groups) increased from \$152,000 to \$4,241,788 since 1961.
- The number of funded groups and activities grew from 23 to 151.



GFTA Funding 1961-1991

Multicultural Organizations

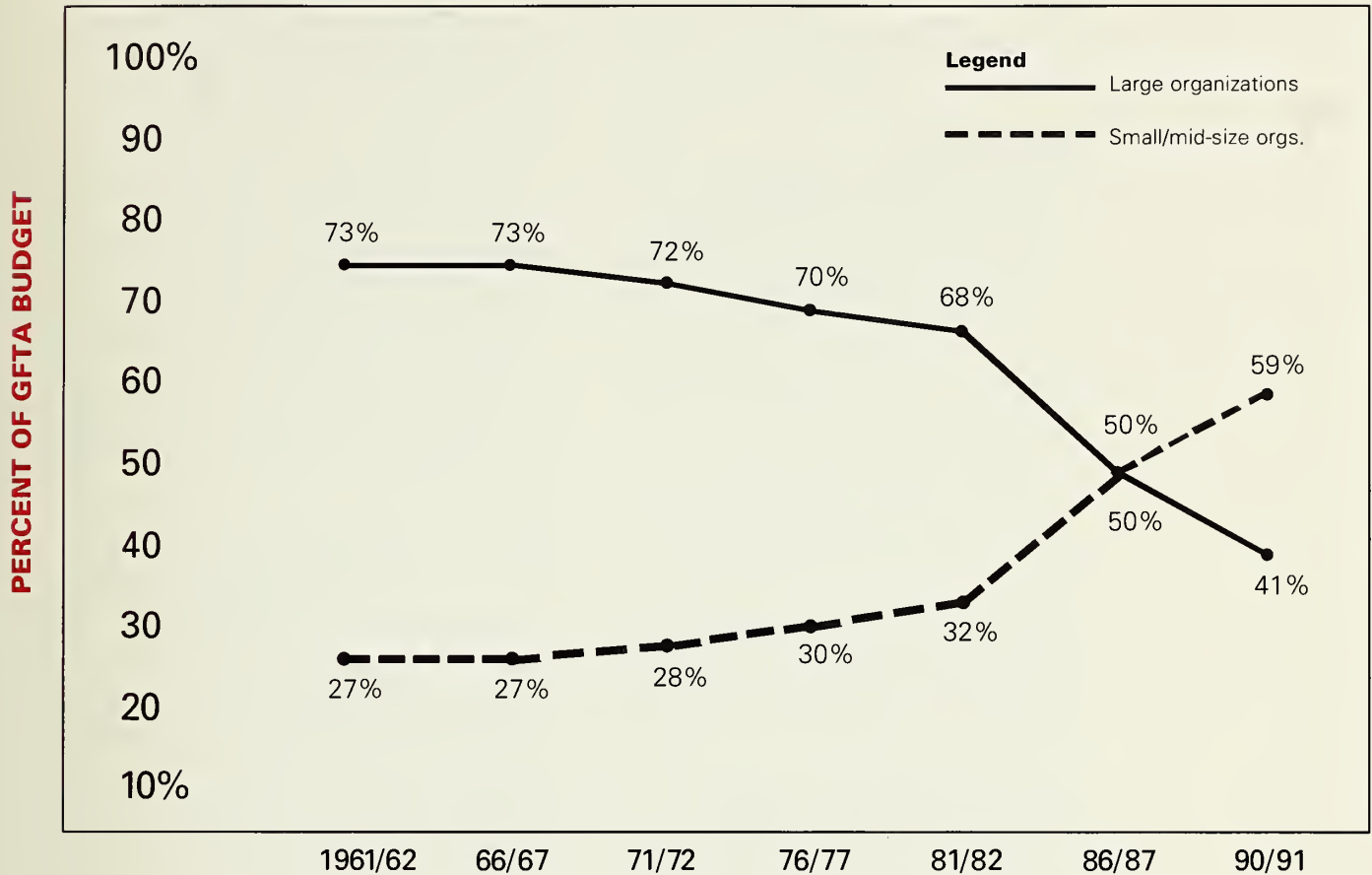
- Grants for the Arts allocations to multicultural organizations/activities increased from \$5,000 to \$1,120,800 since 1961.
- Allocations to multicultural arts groups, on average, represent about 20% of a group's budget.
- The number of funded groups and activities grew from 1 to 39.



GFTA Funding 1961-1991

Percent of Total to Large and Small/Mid-size Organizations/Activities

- Since 1961, the percent of GFTA funds to large groups decreased from about 73% to 41%.
- The percent of GFTA funds to small/mid-size groups and activities increased from 27% to 59%.



Fund Initiatives

For over 30 years, Grants for the Arts has provided the City's arts community with a stable funding base through general operating support grants. The Grants Fund also has developed several programs to meet new and specific needs.

Voluntary Arts Contribution Fund (1984)

Since 1984, Grants for the Arts has administered the Voluntary Arts Contribution Fund, to which San Francisco property owners can contribute \$5 or more to benefit the arts when paying their property taxes. Over \$333,000 has been distributed with 100% of these funds dispersed directly to arts organizations. These funds are earmarked for capital improvements, facilities maintenance and equipment acquisition. Applying organizations generally have a budget of less than \$1 million.

Arts Spaces Initiative (1985)

In 1985, Grants for the Arts developed the innovative Arts Spaces Initiative, which has provided more than \$1.8 million in grants to performing and visual arts organizations for building purchases and renovations, code improvements, relocation and feasibility studies. Applying organizations must meet the eligibility guidelines.

Multicultural Arts Initiative (1988)

"The development of multicultural arts is the key to 21st century American art," says A.B. Spellman, Director of the National Endowment for the

Arts Expansion Arts Program. And it was with this guiding philosophy that Grants for the Arts and the San Francisco Foundation initiated a partnership with the Expansion Arts Program to establish the Bay Area Multicultural Arts Initiative. Funds provided artistic and technical assistance to selected multicultural arts organizations in the Bay Area. Recipient organizations were selected by a panel of six nationally recognized multicultural artists in a variety of disciplines, and had to demonstrate the capacity to become permanent institutions in their communities and the potential for regional and national significance. This public-private partnership was the only such program in the country. Grants for the Arts' \$490,000 contribution was earmarked specifically for the three San Francisco-based organizations. Program management for the Initiative was provided by Business Volunteers for the Arts/San Francisco, a program of the Arts and Business Council of the San Francisco Chamber of Commerce.

Arts and Tourism Program (1988)

In cooperation with the San Francisco Convention and Visitors Bureau and Performing Arts Services (PASS), Grants for the Arts established the Arts and Tourism Program. The intent of the program is to enhance the visibility of the arts as a vital part of San Francisco's multimillion-dollar tourism industry. Managed since 1991 by the San Francisco Convention and Visitors Bureau, the program goals are to increase attendance

and income for nonprofit arts groups while introducing visitors to the unique cultural tapestry found in San Francisco.

This program includes the production and broadcasting of a promotional program featuring San Francisco arts groups on 15,000 hotel-room television sets. This segment, updated quarterly, introduces visitors to a broad range of arts organizations and activities.

Also included are a comprehensive arts events brochure, programs to familiarize tour operators and travel writers from across the country with San Francisco's cultural riches and increased, one-to-one matchings of arts organizations with representatives of the national and international tourism industry.

Audience Development Initiative (1989)

In still another partnership, Grants for the Arts joined with the Fleishhacker Foundation, the Wallace Alexander Gerbode Foundation and the Walter and Elise Haas Fund to establish the Audience Development Initiative. The three-year program provides \$1 million, of which GFTA contributed \$300,000 to assist Bay Area mid-size performing arts organizations to maintain attendance levels and support efforts to reach and develop new audiences. The Initiative was conceived out of concern for the financial stability of organizations in a

budget range of \$250,000 to \$1.25 million. The Initiative addresses the belief that a significant, loyal, paying audience is the most important financial asset of a performing arts institution. A group of five nationally recognized experts in arts marketing selected 15 groups for the Initiative.

Handbook for Arts Organizations (1989)

With pro bono assistance from KPMG Peat Marwick, Grants for the Arts produced a Handbook for Arts Organizations that includes sections about program development, fund-raising and financial management with a particular focus on special events production for arts and cultural organizations who seek funding from Grants for the Arts. The Handbook is available to all nonprofit arts and cultural organizations.

Arts Earthquake Relief Fund (1989)

Grants for the Arts joined Bay Area funders and the National Endowment for the Arts in creating a fund administered by Northern California Grantmakers in response to the October 1989 earthquake relief needs of the area's artists and arts and cultural organizations. A total of \$100,000 from the Voluntary Arts Contribution Fund was earmarked by Grants for the Arts as its portion of the Arts Relief Fund and was designated for 14 San Francisco-based organizations.

Hotel Tax Fund Grants for the Arts Program

Citizens Advisory Committee

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Cartwright Holding Company

Paula R. Collins
Western Development Group

Berta Concha
Mayor's Fiscal Advisory Committee

Lorraine Garcia-Nakata
Marin Community Foundation

Ronn Guidi
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